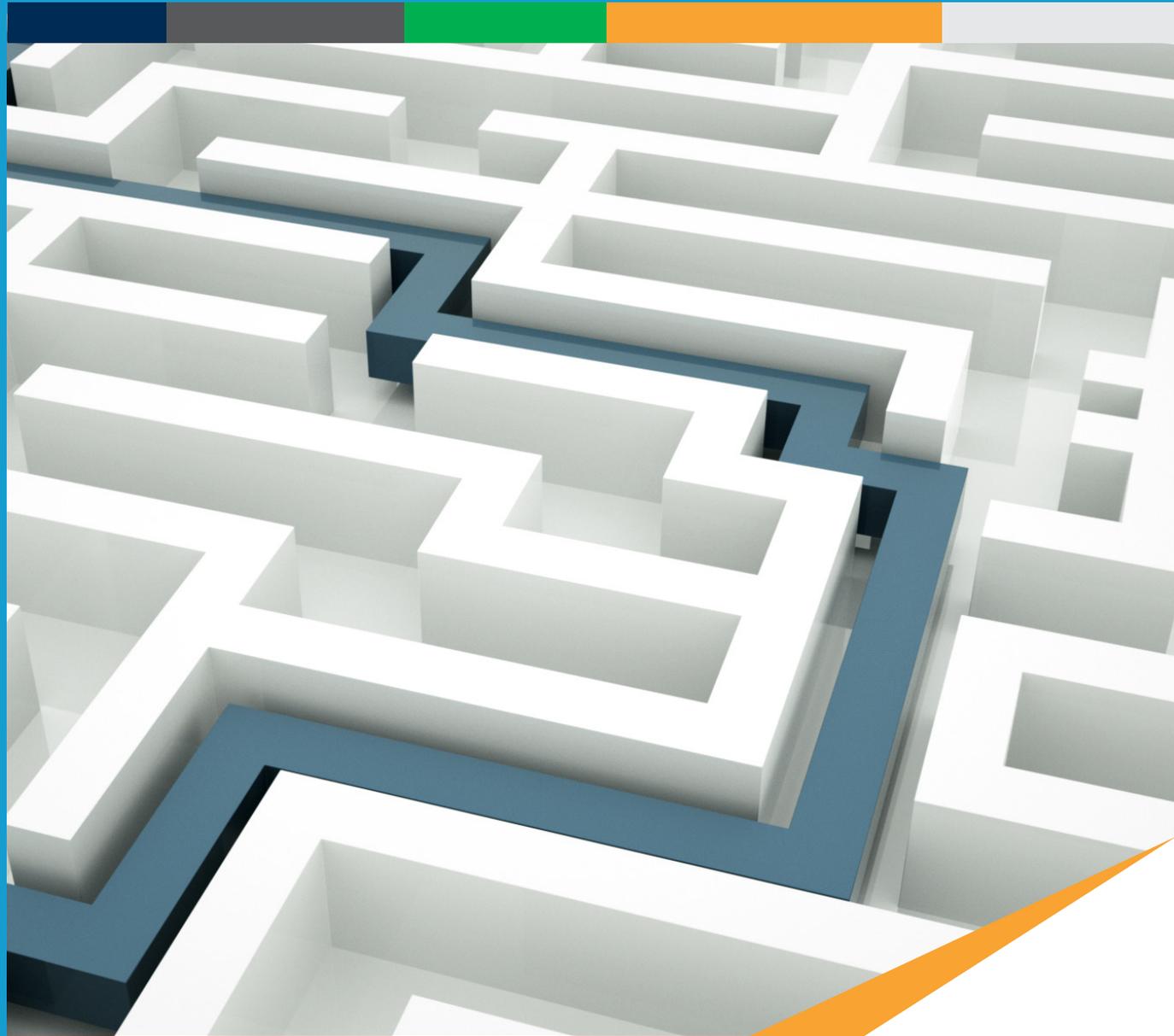


SPECTRUM NONPROFIT SERVICES

2016 ANNUAL REPORT

CELEBRATING
10 YEARS
IN PARTNERSHIP
WITH COMMITTED
NONPROFIT
LEADERS



spectrum
nonprofit services

A LETTER FROM **STEVE ZIMMERMAN,** Principal

Dear friends and colleagues,

Each of us has a vision of the community we want to live in – a community that honors and values our neighbors and lifts them up when needed. A community where people treat each other as equals with the respect they deserve and the knowledge that our diversity makes us stronger. A community with an education system where children will be safe and prepared for whatever their future may hold and a community that is rich in cultural assets with an understanding of our collective history and story. A community which appreciates and nurtures the art in all our lives and where each of us is free and empowered to fulfill our individual dreams and yet realize that working together with trust and respect are the best ways to achieve them. Lastly, a community that isn't afraid to look into the mirror, acknowledge its shortcomings, and dream up ways to be better.

This utopia community may not exist – yet – but every day people are working toward creating the type of community in which we want to live. By working and volunteering for nonprofits, people come together to share their dreams, mold them into collective visions for the future, and then work together to implement, learn, refine, and ultimately realize our mutual potential. Spectrum Nonprofit Services' mission is to provide management and strategy expertise to enable nonprofits to work more effectively as they better our society and enrich our lives. Working in partnership with committed staff and volunteer leadership, we strive to provide the tools necessary for organizations to deliver exceptional impact in a financially viable manner. This includes listening to our neighbors and constituents, understanding our place in the community and building and bringing out the inherent strengths in all of our leaders.

Now, more than ever, we need to be engaged in our communities – defining how we want them to be, being inclusive of multiple perspectives and working together for the benefit of all community members. **It starts with being engaged.** Vibrant communities don't just happen. They start with people stepping forward. As we enter our 10th year, all of us at Spectrum are grateful to those who step forward. We invite all to do so and await the opportunity to partner in turning passion into action and in building better communities for all of us to live in, together.



A handwritten signature in black ink, appearing to read 'Steve Zimmerman'.

Steven D. Zimmerman, CPA
Spectrum Nonprofit Services

MEET the SPECTRUM TEAM

We are a tight-knit team of nonprofit sustainability experts based out of Milwaukee, Wisconsin that empowers organizations to pursue a mindset of thinking and operating strategically. Our team provides tools and guidance as organizations balance their financial viability with mission impact. Below, the Spectrum team weighs in on what they are most looking forward to exploring in 2017.

Steve Zimmerman, Principal



"Whether it is the term "collective impact," or funders calling for mergers, we must start first with organizations **understanding the community in which they operate**. In 2017, it will be more important than ever for leadership to have a way to understand their organizations and the market in order to deliver on their missions and build community. I look forward to exploring this **market dynamic** more."

Steve Strang, Senior Consultant, Practice Director



"I have two. First, continuing to support organizations in understanding **nonprofit business models** and second, exploring and formalizing our work around **market analysis in the nonprofit sector**. Both of these are key to building sustainable strategy within organizations but receive little attention within the day-to-day operations of an organization."

Jeremy Ault, Analyst



"I'm interested in exploring the myriad ways in which funders—private foundations, corporate foundations, donors, and public entities—will respond to current **global, political, and economic trends** affecting the sector."

Crystel Anders, Consultant



"2017 will be challenging for many nonprofits – **a potential loss in federal funding and a need to increase advocacy initiatives** will require a hard look at all programming. I look forward to working with local grassroots organizations to identify sustainable strategies that both **ensure stability and effectiveness** as well as the foundation to seize new opportunities even in the toughest times."

Shelly Schnupp, Consultant



"Nonprofit organizations are a critical expression of our country's democracy. They provide opportunities for **citizens to identify and engage in collective efforts to address a range of needs and interests**. Will aspects of our democracy change in the coming years? What will be the impact on nonprofits...their autonomy, opportunities, and growth?"

Lauryn Burkhalter, Engagement Manager



"I am excited to explore the ways that Spectrum can use **increasingly affordable technology and online platforms** this year to enhance access to resources, education, and information for those communities who have traditionally been left out of the conversation."



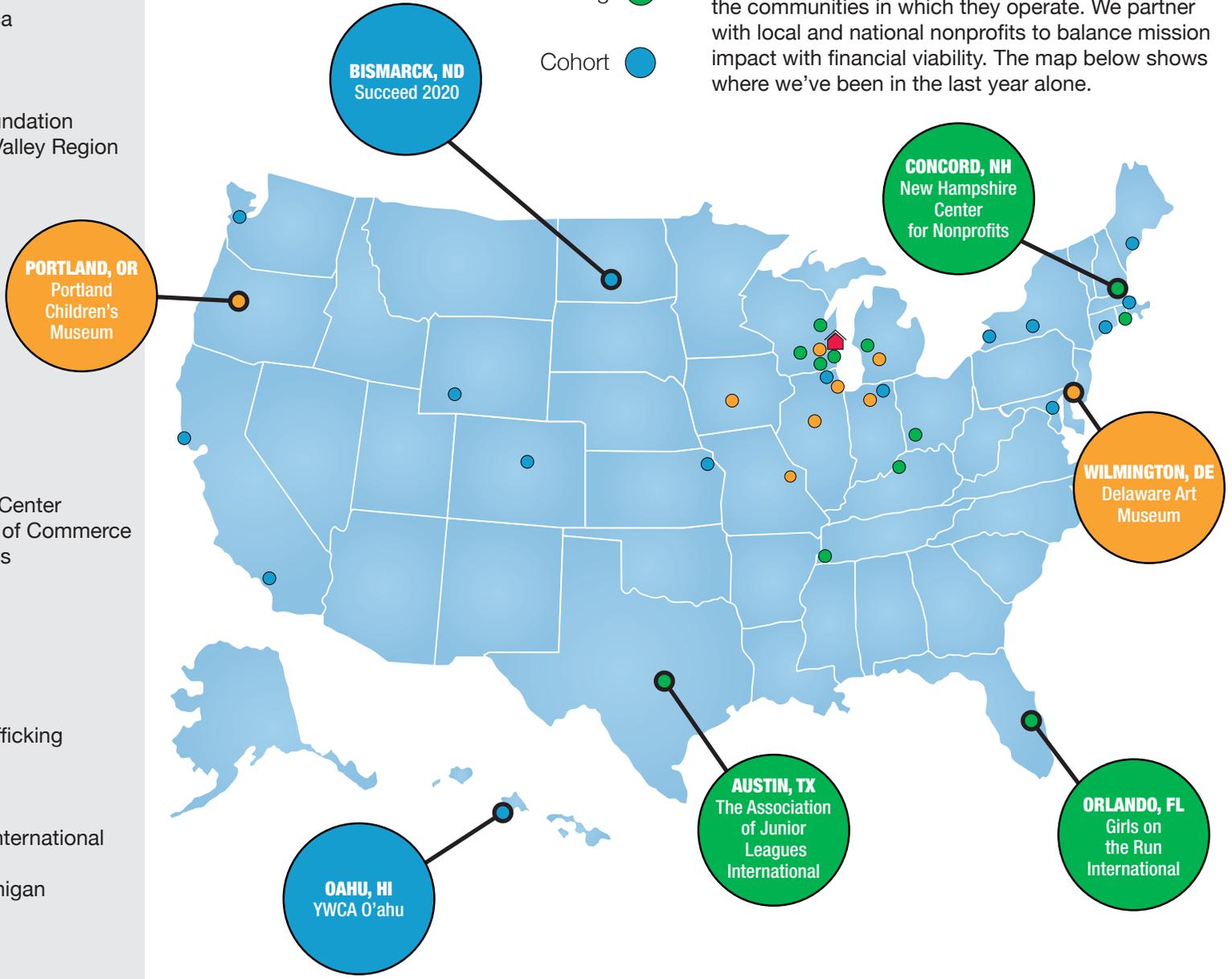
OUR COMMUNITY AND NONPROFIT PARTNER ENGAGEMENTS IN 2016

- Alliance for Nonprofit Excellence
- Art Libraries Society of North America
- Artists Working in Education
- Black Arts Milwaukee
- Center for Nonprofit Excellence
- Children's Hospital of Wisconsin Foundation
- Community Foundation for the Fox Valley Region
- Community Shares of Wisconsin
- Delaware Art Museum
- Flagel Huber Flagel Co.
- Girls on the Run International
- Grand Valley State University
- Healthier Moms and Babies
- Hmong American Peace Academy
- Independence First
- Indiana Nonprofit Resource Network
- Kings Academy
- Layton Art Collection
- LUMIN Schools
- Marcfirst
- Mercy Conference Center & Retreat Center
- Metropolitan Milwaukee Association of Commerce
- New Hampshire Center for Nonprofits
- Notre Dame Schools of Milwaukee
- Open Studio Project
- Pathfinders
- PAVE
- Portland Children's Museum
- Project Pivot
- Racine Coalition Against Human Trafficking
- Radio Milwaukee
- Resource Sharing Project
- Succeed 2020
- The Association of Junior Leagues International
- The Burke Foundation
- The Music Center of Southwest Michigan
- Urban Day School
- Van Beuren Community Foundation
- YWCA of Southeast Wisconsin
- YWCA USA

2016 PARTNER ENGAGEMENTS

From large-scale multi-year strategy to one-day trainings, we guide and empower clients to make ongoing strategic decisions that foster impact in the communities in which they operate. We partner with local and national nonprofits to balance mission impact with financial viability. The map below shows where we've been in the last year alone.

- Spectrum Office 
- Strategy 
- Training 
- Cohort 



COHORT BASED LEARNING CASE STUDY

AN INVESTMENT IN LOCAL YWCA FINANCIAL LEADERSHIP

- 14 months
- 70 associations
- 30 states

How do you build capacity for a large group of nonprofit leaders in an affordable, yet comprehensive way?

What if these leaders are located in different geographic regions across the country with annual budgets ranging from \$100,000 to \$90 million? In 2015 and 2016 we set out to do exactly that. Spectrum spent 14 months in partnership with the YWCA USA to build financial leadership capacity in over 70 YWCA associations, working with more than 100 nonprofit professionals in a collaborative, peer learning setting. By enabling a large group of individuals to learn together both online and in-person, not only did the program build financial leadership, but it built a peer network to answer future questions, share ideas and together work toward accomplishing YWCA's mission of eliminating racism and empowering women.

A Cohort Based Learning Model

The Wallace Foundation found in a recent study that it is possible, even with limited time and resources, to enhance the capacity of nonprofits to achieve greater long term sustainability and programmatic quality with a well-designed, multi-component cohort based program (1). In late 2014, based upon the findings of this research and their own internal data, the YWCA USA was ready to put this theory into practice and put out a call to address their own networks' issues of leadership and economic vitality. Spectrum answered the call.

Based in theory but developed with an understanding of the day-to-day pressures and realities that nonprofit executives and board members face, Spectrum Nonprofit Services worked closely with YWCA USA leadership to develop and implement a customized hybrid in-person and online cohort learning series. In a two-part program, participants from across the country would engage with one another and within their leadership teams around concepts in financial leadership and Spectrum's 2014 field guide, *The Sustainability Mindset*.

(1) Devine, Nancy (2016) "The Groundwork for Successful Cohort-Based Fiscal Capacity-Building: An Evaluation of the Strengthening Financial Management Initiative," *The Foundation Review*: Vol 8: Iss. 1, Article 6.
(2) Adapted from: Bell, Jeanne and E. Schaffer. (2005). *Financial Leadership for Nonprofit Executives: Guiding Your Organization to Long-Term Success*. Saint Paul, Minnesota: Fieldstone Alliance.

Phase I: Financial Leadership Webinar Series

Like a lot of nonprofits, YMCA association directors come from working in the field and with programs, making them experts in serving their constituents and in managing staff, yet they may not be adequately prepared to be financial leaders. These challenges appear when leaders do not understand the true costs of delivering their programs or when they struggle to address the complexities of cost allocation associated with public contracts. Spectrum's curriculum addressed these challenges and empowered leaders by using a series of 8 webinars over the course of 9 months to develop a foundational understanding of nonprofit finance and financial leadership.

Topics included:

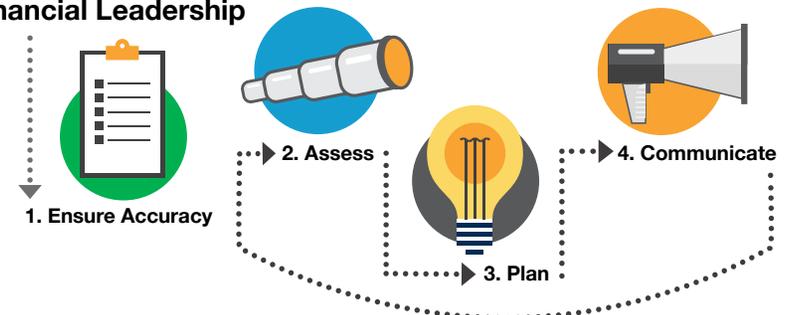
- Demystifying Expenses,
- Facilities and Finances,
- Budgets and Dashboards,
- Revenue Strategy, and more.

The curriculum provided practical takeaways in the form of homework and templates for participants to implement immediately to strengthen their associations. In many cases, Directors and program staff from the same association would participate together, reinforcing group learning not only on the national level but within leadership teams as well. Furthermore, discussions amongst associations were encouraged on a private social network where participants shared their experiences, successes and challenges.

"The knowledge and insight we have gained from [this program] has already made a huge impact for our YWCA. We were able to utilize what we learned about determining the true cost of each program in drafting our annual agency operating budget. Thanks so very much!"

- Phase I participant

(2) Financial Leadership



Phase II: The Sustainability Mindset

In Phase II we explored the deep interconnection between an organization's ability to be financially viable and create impact in its community. Spectrum Nonprofit Services' tool for showcasing this integration is the matrix map, a visual representation of an organization's business model. Together with leaders at YWCA USA, Spectrum developed the Phase II curriculum to take a more concentrated group of association directors beyond financial leadership and strengthen each association's capacity for pursuing sustainability. Through an application process, program leaders identified 18 associations who were ready to take the next steps. Three interactive webinars guided participants in small teams through the process of assessing programmatic mission impact, determining profitability, and building their own matrix maps. When challenges were encountered, the entire Spectrum team worked together to offer one-on-one coaching to each participant throughout the program.

An in-person capstone in early 2016 in Palm Springs, California, allowed participants to better understand and share their business models. From there specific strategies were explored to engage the board in discussions and decide on next steps to strengthen their business models. Associations also shared their plans with each other, learning from peers and brainstorming new ideas of how to accomplish their mission in a financially viable manner.



“The matrix map provides us with a shared language to determine priorities. It was very helpful for staff to see the intersection of program impact and financial viability and develop a group agreement on the improvements that needed to be made. As a tool, the matrix map also provides us with a very practical way of assessing progress on an annual basis.”

“As a result of the matrix map and the high profitability and mission impact of our childcare services, the board decided to fundraise and transform vacant space into a new childcare center! I don't know if this would have been decided had it not been for the matrix map....”

- Phase II participants

Financial leadership is more than just financial management; it is about guiding an organization grounded in the realities of today's financial health with an orientation towards long-term sustainability. This process takes time, resources, and community support. Following the success of our work with the YWCA, we are emboldened to continue offering the cohort based learning model as an approach to the all-too-common challenge of capacity building for financial leadership.

Spectrum started two similar programs with nonprofit associations in New Hampshire and in North Dakota in late 2016 and we hope to continue to find ways to offer similar programs throughout 2017 and beyond.

eliminating racism
empowering women
ywca



DO YOU KNOW HOW MUCH IMPACT YOU CAN AFFORD TO HAVE?

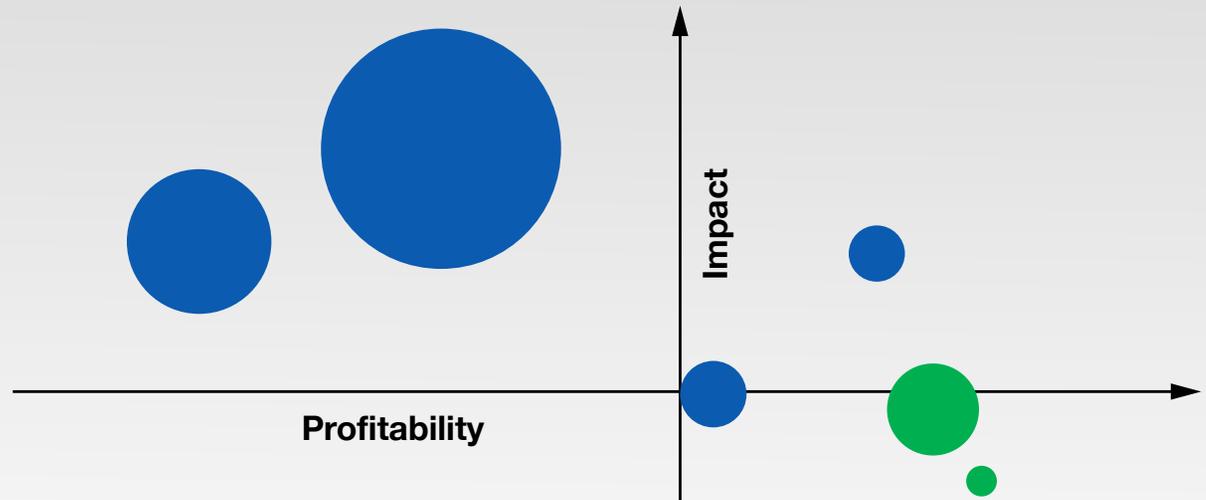


Our approach at Spectrum Nonprofit Services is rooted in the organizational necessity of a nonprofit's integration of finances, mission, and leadership. We guide, support, and empower our clients to make ongoing strategic decisions that foster success and community impact in a financially viable manner.

Contact us today to discuss your goals for 2017!

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spectrum
nonprofit services



 FINANCIAL VIABILITY

 MISSION IMPACT

 SUSTAINABILITY

 LEADERSHIP